

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

OFA-01 AID-05 COME-00 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 IO-10 INT-05 FMC-02 CG-00

DOTE-00 /116 W

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R 161700Z MAY 75

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 5345

INFO CINCLANT

COMICEDEFOR

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION NATO

UNCLAS REYKJAVIK 0538

E.O. 11652: N/A

TAGS: PFOR IC

SUBJECT: FONMIN'S ANNUAL FOREIGN POLICY REPORT

1. FOREIGN MINISTER EINAR AGUSTSSON PRESENTED ANNUAL FOREIGN POLICY STATEMENT TO ALTHING THIS WEEK, AND PARLIAMENTARY DEBATE ON IT FOLLOWED.

2. REPORT STRESSED FISHERIES ISSUES, INCLUDING STATEMENT OF ICELAND'S INTENTION TO EXTEND JURISDICTION TO 200 MILES THIS YEAR, AND UN MATTERS, INCLUDING CRITICISM OF STEAMROLLER TACTICS OF MAJORITY BLOC. IT CONTAINED FONMIN'S ASSERTION THAT DIPLOMATIC RELATIONS ALREADY EXIST BETWEEN GOI AND NEW SAIGON GOVERNMENT AND THAT NO FURTHER GOI ACTION IS NEEDED. REPORT DOWNPLAYED MATTERS POTENTIALLY EMBARRASSING TO FONMIN OR HIS PROGRESSIVE

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PARTY, THUS REFERRING ONLY BRIEFLY TO DEFENSE RELATIONS WITH US,

SAYING, "THE ALTHING IS ALREADY FAMILIAR WITH THE GOVERNMENT'S AGREEMENT WITH THE UNITED STATES GOVERNMENT ON THE DEFENSE FORCE AT KEFLAVIK, SO I WILL NOT DWELL ON THE SUBJECT EXCEPT TO SAY THAT OFFICIAL DISCUSSIONS ON THE IMPLEMENTATION OF THE AGREEMENT ARE PROCEEDING AS EXPECTED." LIKEWISE, REPORT MADE ONLY PASSING REFERENCE TO AGUSTSSON'S CONTROVERSIAL TRIP TO USSR LAST MONTH AND CONTAINED NO MENTION OF SUBSTANCE OF VISIT.

3. OTHER QUOTES OF HIGHLIGHTS FROM REPORT: UNITED NATIONS - "THE STATE OF AFFAIRS IN THE UN HAS BECOME A MATTER OF WIDESPREAD CONCERN. THIS STEMS ESPECIALLY FROM THE DIVISION OF THE MEMBERSHIP INTO GROUPS AND THE FORCING THROUGH OF RESOLUTIONS BY THE LARGER GROUP THAT SEEM ILL-CONSIDERED AND EVEN IN VIOLATION OF THE UN CHARTER OR CONTRARY TO ITS SPIRIT."

CSCE - "WE CAN NOW SAY WITH CONSIDERABLE JUSTIFICATION THAT MOST MATTERS ARE CLARIFIED...RESULTS OBTAINED THUS FAR PROVIDE REASON FOR OPTIMISM THAT IT WILL BE POSSIBLE TO CONCLUDE THE CONFERENCE AT AN EARLY DATE SO THAT A FINAL MEETING OF PARTICIPATING STATES AT THE HIGHEST LEVEL CAN BE HELD AS SOON AS POSSIBLE."

INDOCHING - "IT NOW SEEMS THAT MILITARY ACTIVITIES IN INDOCHINA ARE OVER...I HOPE THAT LASTING PEACE CAN BE ESTABLISHED SO THAT REBUILDING EFFORTS CAN BEGIN AS QUICKLY AS POSSIBLE...IT IS MY OPINION THAT ICELAND HAS DIPLOMATIC RELATIONS WITH THE LEGAL GOVERNMENT OF SOUTH VIETNAM AND THAT IT IS NOT NECESSARY TO FORMALLY RECOGNIZE THE PRG. IF THE (NEW) GOVERNMENT WISHES TO CHANGE AMBASSADORS ACCREDITED TO ICELAND, WE SHALL OF COURSE RECOGNIZE THE NEW AMBASSADOR."

FISHERIES QUESTIONS - "...THE GOVERNMENT HAS ON ITS AGENDA THE EXTENSION OF THE FISHERIES LIMITS TO 200 MILES BEFORE THE END OF 1975. VARIOUS OPPORTUNITIES HAVE BEEN USED TO MAKE THIS DECISION KNOWN TO OTHER NATIONS AND TO GAIN UNDERSTANDING AND SUPPORT FOR IT. A DEFINITE DECISION REGARDING THE DATE OF THE EXTENSION WILL BE MADE AT A LATER DATE."

TRADE - "TARIFF BENEFITS NEGOTIATED (WITH THE EEC) FOR ICELANDIC FISHERIES PRODUCTS HAVE STILL NOT TAKEN EFFECT BECAUSE OF THE STIPULATION IN THE AGREEMENT THAT IT SHALL NOT BECOME EFFECTIVE UNCLASSIFIED

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UNTIL SATISFACTORY SOLUTIONS ARE REACHED FOR EEC STATES REGARDING FISHING RIGHTS. SINCE THE FRG HAS NOT REACHED SUCH A SETTLEMENT IT IS PREVENTING THE TARIFF PROVISION FROM TAKING EFFECT. CONSEQUENTLY, THE AGREEMENT HAS NOT YET BEEN OF ANY REAL IMPORTANCE ...IN ADDITION, THE WEST GERMANS IMPOSED AN INFORMAL LANDING BAN ON FROZEN FISH IN OCTOBER 1974. THIS WAS PROTESTED BY ICELAND IN THE GATT AND OECD AS WELL AS WITH THE EEC."

NORDIC COOPERATION - "NORDIC COOPERATION, NOW AS BEFORE, IS AN IMPORTANT FEATURE OF OUR FOREIGN RELATIONS. THIS CAN BE SEEN, FOR EXAMPLE, IN FREQUENT NORDIC DISCUSSIONS ON NUMEROUS SUBJECTS AND THE EVER-INCREASING NUMBER OF AGREEMENTS REACHED ON A VARIETY OF ISSUES."

4. SUBSEQUENT ALTHING DEBATE WAS SHORT AND PREDICTABLE. COMMUNIST-DOMINATED PEOPLES ALLIANCE MP GILS GUDMUNDSSON CHARGED THAT NATO MEMBERSHIP AND US TROOP PRESENCE ARE ICELAND'S CHIEF FOREIGN POLICY PROBLEMS AND DEVOTED MOST OF REST OF REMARKS TO CRITICISM OF INDEPENDENCE PARTY DAILY MORGUNBLADID'S ALLEGED ATTACKS ON FONMIN FOLLOWING USSR TRIP. HE ASKED PRIME MINISTER WHETHER HE ASSOCIATED HIMSELF WITH WHAT GUDMUNDSSON SAID WERE MORGUNBLADID CHARGES THAT FONMIN WAS IN EFFECT PARTY TO SOVIET CONSPIRACY TO SUBVERT ICELAND. SAVA JAKOBSDOTTIR, ALSO OF PA ATTACKED PORTION OF REPORT DEALING WITH UN, SAYING IT SMACKED OF COLONIALISM AND ASKING WHO BESIDES US AND COLONIAL OPPRESSORS WERE CONCERNED OVER RECENT TRENDS IN UN. PRIME MINISTER GEIR HALLGRIMSSON, REPLYING TO GUDMUNDSSON, SAID MORGUNBLADID'S COMMENTS WERE PRODUCT OF FREEDOM OF PRESS AND THAT HE DID NOT CONSIDER THEM ATTACK ON EITHER FONMIN OR GOVERNMENT. HALLGRIMSSON INCLUDED IN HIS REMARKS STATEMENT THAT MAIN GOAL OF GOI FOREIGN POLICY IS INSURING ICELAND'S INDEPENDENCE AND SECURITY, AND ALSO DESCRIBED CLOSE COOPERATION AMONG ALL POLITICAL PARTIES ON PLANS TO EXTEND FISHING LIMITS. BENEDIKT GRONDAL, SPEAKING FOR SDP (OPPOSITION) WARNED AGAINST HYSTERIA IN FOREIGN POLICY BUT SAID THAT SOVIET INTERESTS IN INCREASED INFLUENCE IN NORDIC AREA COULD NOT BE IGNORED.

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